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INFO RUEHRL/AMEMBASSY BERLIN PRIORITY 0127
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RUEHLO/AMEMBASSY LONDON PRIORITY 0142
RUEHOT/AMEMBASSY OTTAWA PRIORITY 0718
RUEHGP/AMEMBASSY SINGAPORE PRIORITY 6525
RUEHKO/AMEMBASSY TOKYO PRIORITY 7866
RUEHGZ/AMCONSUL GUANGZHOU PRIORITY 9449
RUEHHM/AMCONSUL HO CHI MINH CITY PRIORITY 0057
RUEHHK/AMCONSUL HONG KONG PRIORITY 6682
RUEHNH/AMCONSUL NAHA PRIORITY 0017
RUEHOK/AMCONSUL OSAKA KOBE PRIORITY 0373
RUEHGH/AMCONSUL SHANGHAI PRIORITY 0267
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC PRIORITY
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S E C R E T SECTION 01 OF 02 TAIPEI 002532

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STATE FOR EAP/TC AND ISN/MTR

E.O. 12958: DECL: 07/27/2026
TAGS: [MTCRE](#) [PARM](#) [TW](#) [ECT](#)
SUBJECT: MTAG:JULY 2006 UPDATE ON TAIWAN EXPORT CONTROL

REF: STATE 119654

Classified By: AIT ADDIR Charles E. Bennett, REASONS 1.4 B/C

¶1. (S) Summary: On July 24, AIT delivered to the Taiwan Bureau of Foreign Trade (BOFT) ref A talking points on recent machine tool transfers to Syria. At the same meeting, the AIT Container Security Initiative (CSI) Team Leader discussed in detail technical issues related to the inspection of cargoes transiting Taiwan ports. BOFT suggested holding an interagency meeting on inspecting transit cargo in Kaohsiung in late August. BOFT said it is working with an interagency group to recommend measures to demonstrate Taiwan's displeasure over recent North Korean missile tests. Separately, AIT has forwarded the results of BOFT's investigation of Roundtop and Dah Lih companies to EAP/TC and ISN/MTR via email. End summary.

Eumatech Machine Tools to Syria

¶2. (S) AIT delivered ref a talking points/non-paper on machine tool transfers to Syria by Taiwan's Eumatech Company to the BOFT Export Controls Task Force Head Wally Su. Su noted that in its previous investigations of Eumatech, it had confirmed that machine tools had been transferred to Syria. However, he noted that the investigation begun some months ago was still not finished. He blamed the long investigation time on the number of agencies involved.

Discussions of Transit/Transshipment Inspection

¶3. (S) At the same meeting, the AIT CSI Team Leader discussed in detail some of the technical issues related to procedures for inspection of cargoes transiting or transshipping Taiwan ports. BOFT suggested that CSI officers share their insights on these procedures with a larger group of Taiwan officials, including Customs officers from Taipei, Keelung, and Kaohsiung. BOFT suggested that such a meeting could be held in Kaohsiung in late August. The Team Leader agreed to consult with his headquarters about the request.

Measures Against North Korea

¶4. (S) BOFT Su told AIT that in response to repeated AIT urging that Taiwan restrict its trade with North Korea, an interagency group was now discussing measures Taiwan could take to demonstrate displeasure over recent North Korean missile tests and to demonstrate support for the United States and Japan on this issue. Su said the step he favored and had proposed to his Minister was to immediately expand the list of items requiring an export license to be shipped to North Korea to include the 344 additional items recommended by U.S. agencies in December 2005. He noted that a subsequent, more difficult step, would be to apply the same requirement to Taiwan's exports to Iran.

AIT Continues to Urge End of North Korea Trade

¶5. (S) Note: for the past 24 months, since the nonproliferation talks led by then-North Korea Working Group Head David Asher in August 2004, AIT has been urging Taiwan to restrict or prohibit all non-humanitarian exports to North Korea. Taiwan's trade with North Korea, amounting to less than one-tenth of one percent of its total trade, is economically insignificant. Interestingly, staple fibers, food seasoning, and \$1 million of liquid crystal displays account for over 80% of Taiwan's exports to North Korea. End note.

Investigation Results

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¶6. (S) AIT has forwarded the results of BOFT's investigation of Roundtop and Dah Lih companies to EAP/TC and ISN/MTR via email. The actions taken by BOFT against these two companies include 1) adding them to the Customs Watch List, 2) requiring them to apply for export licenses for dual use items exported to Iran, 3) adding them to the list of companies regularly inspected for export control compliance, 4) reviewing the previous exports of these two companies for evidence of any violation of regulations. BOFT will inform AIT of the results of its export record review and any additional penalties imposed.

YOUNG